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Auth: DDA Memo 14 MAR 77
DLA REG 77-1285
Date: 17 APR 1978 By [redacted] INTELLIGENCE REPORT

COUNTRY Germany (Russian Zone) **CONFIDENTIAL** in accordance with the letter of 16 October 1978 from the Director of Central Intelligence to the Assistant Secretary of Defense.

SUBJECT Activities in the Export Department of the Central Administration of Trade and Supply

DATE:

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INFO.

DIST. 22 July 1947

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SUPPLEMENT

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- 25X1 1. The German economy receives nothing from the export trade of the
Russian Zone. [redacted] many exports do not go to
25X1 the country allegedly ordering them, but rather to Russia to
25X1 supplement the 5 Year Plan. [redacted] orders from Poland and
25X1 Yugoslavia for machine tools [redacted]
[redacted]
- 25X1 2. At present, prolonged negotiations are being conducted [redacted]
25X1 [redacted] to conclude a long term agreement for the impor-
25X1 tation of high grade steel and ores for the Russian Zone. Total
25X1 value is to be about 250,000,000 RM per annum.
- 25X1 3. In early May a Russian delegation with German specialists report-
25X1 edly went [redacted] to negotiate a trade agreement. [redacted] products
25X1 are to be obtained for Russia and paid for with German machine
tools and chemicals. One purpose is to counteract the influence of
the Western Powers [redacted]
4. [redacted] a foreign trade clearing house set up in
Potsdam some six months ago is to be given increased powers. All
foreign trade and interzonal trade is to be cleared through this
office on the basis of 1944 prices. The purpose is to prevent the
firms engaged in foreign trade from making any unauthorized profit.
All foreign exchange obtained will be disposed of by SMA Potsdam.
- 25X1 5. [redacted] Dr. Hubert Breitenfeld, Chief of the Foreign
Trade Dept., had requested that the Potsdam office be subordinated
to his department but was refused. As of 10 May Breitenfeld had
been informed that he was to be replaced by an SED man. [redacted]
25X1 [redacted] previously in a conference at Karlshorst with Lt. Gen.
Makarov, Col. Abramovich and President Hörnle, Breitenfeld had
25X1 protested against the dismantling of factories needed for the ex-
port trade. He pointed out that orders from [redacted]
25X1 Yugoslavia for technical glass could be filled only by Schott and
Genossen or by Zeiss which have both been completely dismantled.
Breitenfeld stated that under such circumstances he must refuse
responsibility for prompt fulfillment of orders. Hörnle then
accused Breitenfeld of "lack of vision and work-sabotage". The
result was that Karlshorst withdrew its support of Breitenfeld.

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Hörnle then told the Russians that such important positions should be filled with politically reliable persons.

25X1 Comment: It appears possible that one should read Handke for Hörnle in the above paragraph. Edwin Hörnle is president of the CA of Agriculture, while Georg Handke is president of the CA of Trade and Supply in which Breitenfeld has been head of Department XI, Foreign Trade.

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